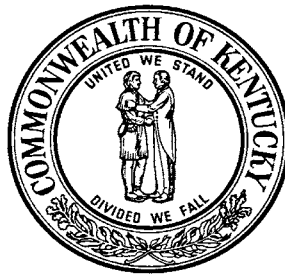


**REPORT OF THE AUDIT OF THE
CRITTENDEN COUNTY
SHERIFF'S SETTLEMENT - 2001 TAXES**

June 18, 2002



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS
www.kyauditor.net

**144 CAPITOL ANNEX
FRANKFORT, KY 40601
TELEPHONE (502) 564-5841
FACSIMILE (502) 564-2912**



EDWARD B. HATCHETT, JR.
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Victor P. Hardin, Crittenden County Judge/Executive

Honorable Wayne Agent, Crittenden County Sheriff

Members of the Crittenden County Fiscal Court

The enclosed report prepared by Carpenter, Mountjoy & Bressler, PSC, Certified Public Accountants, presents the Crittenden County Sheriff's Settlement - 2001.

We engaged Carpenter, Mountjoy & Bressler, PSC, to perform the financial audit of this statement. We worked closely with the firm during our report review process; Carpenter, Mountjoy & Bressler, PSC, evaluated the Crittenden County Sheriff's internal controls and compliance with applicable laws and regulations.

Respectfully submitted,

Edward B. Hatchett, Jr.
Auditor of Public Accounts

Enclosure



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS
AUDIT EXAMINATION OF THE
CRITTENDEN COUNTY
SHERIFF'S SETTLEMENT - 2001 TAXES**

June 18, 2002

EXECUTIVE SUMMARY
AUDIT EXAMINATION OF THE
CRITTENDEN COUNTY
SHERIFF'S SETTLEMENT - 2001 TAXES

June 18, 2002

Carpenter, Mountjoy & Bressler, PSC has completed the audit of the Sheriff's Settlement - 2001 Taxes for Crittenden County Sheriff as of June 18, 2002. We have issued an unqualified opinion on the financial statement taken as a whole. Based upon the audit work performed, the financial statement is presented fairly in all material respects.

Financial Condition:

The Sheriff collected taxes of \$1,871,013 for the districts for 2001 taxes. The Sheriff distributed taxes of \$1,791,530 to the districts for 2001 Taxes. Taxes of \$985 are due to the districts from the Sheriff and refunds of \$342 are due to the Sheriff from the taxing districts.

Deposits:

The Sheriff's deposits were insured and collateralized by bank securities or bonds.

<u>CONTENTS</u>	PAGE
INDEPENDENT AUDITOR’S REPORT	1
SHERIFF’S SETTLEMENT - 2001 TAXES	3
NOTES TO FINANCIAL STATEMENT	5
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	7

Carpenter, Mountjoy & Bressler

Certified Public Accountants and Consultants

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Victor P. Hardin, Crittenden County Judge/Executive

Honorable Wayne Agent, Crittenden County Sheriff

Members of the Crittenden County Fiscal Court

Independent Auditor's Report

We have audited the Crittenden County Sheriff's Settlement - 2001 Taxes as of June 18, 2002. This tax settlement is the responsibility of the Crittenden County Sheriff. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Sheriff's Tax Settlements issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

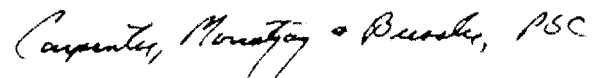
As described in Note 1, the Sheriff's office prepares the financial statement on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the accompanying financial statement referred to above presents fairly, in all material respects, the Crittenden County Sheriff's taxes charged, credited, and paid as of June 18, 2002, in conformity with the modified cash basis of accounting.

To the People of Kentucky
Honorable Paul E. Patton, Governor
T. Kevin Flanery, Secretary
Finance and Administration Cabinet
Dana Mayton, Secretary, Revenue Cabinet
Honorable Victor P. Hardin, Crittenden County Judge/Executive
Honorable Wayne Agent, Crittenden County Sheriff
Members of the Crittenden County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 2002, on our consideration of the Sheriff's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Respectfully submitted,

A handwritten signature in black ink that reads "Carpenter, Mountjoy & Bressler, PSC". The signature is written in a cursive, flowing style.

Carpenter, Mountjoy & Bressler, PSC
Frankfort, Kentucky

Audit fieldwork completed -
November 19, 2002

CRITTENDEN COUNTY
WAYNE AGENT, SHERIFF
SHERIFF'S SETTLEMENT - 2001 TAXES

June 18, 2002

<u>Charges</u>	<u>County Taxes</u>	<u>Special Taxing Districts</u>	<u>School Taxes</u>	<u>State Taxes</u>
Real Estate	\$ 248,281	\$ 169,066	\$ 845,026	\$ 296,195
Tangible Personal Property	16,923	11,544	53,011	38,960
Intangible Personal Property				12,192
Fire Protection	2,026			
Increased Through Erroneous Tax Assessments	31	13	104	36
Franchise Corporation Taxes	45,247	30,693	141,016	
Limestone, Sand, and Mineral Reserves	445	297	1,516	531
Penalties	1,964	1,308	6,628	2,330
Adjusted to Sheriff's Receipt	28	24	45	37
Gross Chargeable to Sheriff	<u>\$ 314,945</u>	<u>\$ 212,945</u>	<u>\$ 1,047,346</u>	<u>\$ 350,281</u>
<u>Credits</u>				
Exonerations	\$ 670	\$ 447	\$ 2,280	\$ 799
Discounts	4,022	2,704	13,378	5,314
Delinquents:				
Real Estate	3,903	2,589	13,219	4,633
Tangible Personal Property	64	44	202	236
Total Credits	<u>\$ 8,659</u>	<u>\$ 5,784</u>	<u>\$ 29,079</u>	<u>\$ 10,982</u>
Net Tax Yield	\$ 306,286	\$ 207,161	\$ 1,018,267	\$ 339,299
Less: Commissions *	<u>13,305</u>	<u>8,804</u>	<u>40,731</u>	<u>14,708</u>
Net Taxes Due	\$ 292,981	\$ 198,357	\$ 977,536	\$ 324,591
Taxes Paid	291,888	198,232	977,104	324,306
Penalty				4
Refunds (Current and Prior Year)	<u>209</u>	<u>139</u>	<u>699</u>	<u>249</u>
Due Districts or (Refunds Due Sheriff) as of Completion of Fieldwork	<u>\$ 884</u>	<u>** (14)</u>	<u>(267)</u>	<u>\$ 40</u>

CRITTENDEN COUNTY
WAYNE AGENT, SHERIFF
SHERIFF'S SETTLEMENT - 2001 TAXES
June 18, 2002
(Continued)

* Commissions:

10% on	\$	10,000
4.25% on	\$	842,746
4% on	\$	1,018,267

** Special Taxing Districts:

Library District	\$	(33)
Extension District	\$	(42)
Flood Plain		<u>61</u>

Due Districts or (Refunds Due Sheriff)	\$	<u><u>(14)</u></u>
--	----	--------------------

CRITTENDEN COUNTY
NOTES TO FINANCIAL STATEMENT

June 18, 2002

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

The Sheriff's office tax collection duties are limited to acting as an agent for assessed property owners and taxing districts. A fund is used to account for the collection and distribution of taxes. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

B. Basis of Accounting

The financial statement has been prepared on a modified cash basis of accounting. Basis of accounting refers to when charges, credits, and taxes paid are reported in the settlement statement. It relates to the timing of measurements regardless of the measurement focus.

Charges are sources of revenue which are recognized in the tax period in which they become available and measurable. Credits are reductions of revenue which are recognized when there is proper authorization. Taxes paid are uses of revenue which are recognized when distributions are made to the taxing districts and others.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the Sheriff's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Deposits

The Sheriff maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the Sheriff and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 18, 2002, the Sheriff's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the Sheriff's agent in the Sheriff's name, or provided surety bond which named the Sheriff as beneficiary/obligee on the bond.

CRITTENDEN COUNTY
NOTES TO FINANCIAL STATEMENT
June 18, 2002
(Continued)

Note 3. Tax Collection Period

A. Property Taxes

The real and personal property tax assessments were levied as of January 1, 2001. Property taxes were billed to finance governmental services for the year ended June 30, 2002. Liens are effective when the tax bills become delinquent. The collection period for these assessments was September, 14, 2002 through April 26, 2002.

B. Limestone, Sand and Gravel Reserves Taxes

The tangible property tax assessments were levied as of January 1, 2001. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was November 21, 2001 through April 26, 2002.

C. Fluorspar Mineral Reserves Taxes

The tangible property tax assessments were levied as of January 1, 2001. Property taxes are billed to finance governmental services. Liens are effective when the tax bills become delinquent. The collection period for these assessments was November 21, 2001 through April 26, 2002.

Note 4. Interest Income

The Crittenden County Sheriff earned \$1,919 as interest income on 2001 taxes. The Sheriff overpaid the school district by \$14, and the remainder will be used to operate the Sheriff's office. As of November 19, 2002, the Sheriff should collect \$14 from the school district and remit \$211 in interest to his fee account.

Note 5. Sheriff's 10% Add-On Fee

The Crittenden County Sheriff collected \$8,893 of 10% add-on fees allowed by KRS 134.430(3). This amount will be used to operate the Sheriff's office.

Note 6. Advertising Costs And Fees

The Crittenden County Sheriff collected \$590 of advertising fees allowed by KRS 134.440(2). The advertising fees will be used to operate the Sheriff's office.

REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF THE FINANCIAL STATEMENT
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Carpenter, Mountjoy & Bressler

Certified Public Accountants and Consultants

To the People of Kentucky

Honorable Paul E. Patton, Governor

T. Kevin Flanery, Secretary

Finance and Administration Cabinet

Dana Mayton, Secretary, Revenue Cabinet

Honorable Victor P. Hardin, Crittenden County Judge/Executive

Honorable Wayne Agent, Crittenden County Sheriff

Members of the Crittenden County Fiscal Court

Report On Compliance And On Internal Control Over Financial Reporting Based On An Audit Of The Financial Statement Performed In Accordance With Government Auditing Standards

We have audited the Crittenden County Sheriff's Settlement - 2001 Taxes as of June 18, 2002, and have issued our report thereon dated November 19, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Crittenden County Sheriff's Settlement -2001 Taxes as of June 18, 2002 is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Crittenden County Sheriff's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statement and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses.

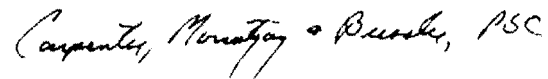
Report On Compliance And On Internal Control
Over Financial Reporting Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

Internal Control Over Financial Reporting (Continued)

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statement being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carpenter, Mountjoy & Bressler, PSC".

Carpenter, Mountjoy & Bressler, PSC
Frankfort, Kentucky

Audit fieldwork completed -
November 19, 2002

